



Food & Agricultural  
Policy Research Institute  
University of Missouri

# Strategies for Putting the Marketing Puzzle Together

Food and Agricultural Policy Research Institute (FAPRI)  
Division of Applied Social Sciences  
University of Missouri  
[www.fapri.missouri.edu](http://www.fapri.missouri.edu)  
September 12, 2019

Melvin Brees, Abner Womack,  
Daniel Jaegers, Mekinsey Marchbanks  
Emily Scully

# U.S. corn supply and use

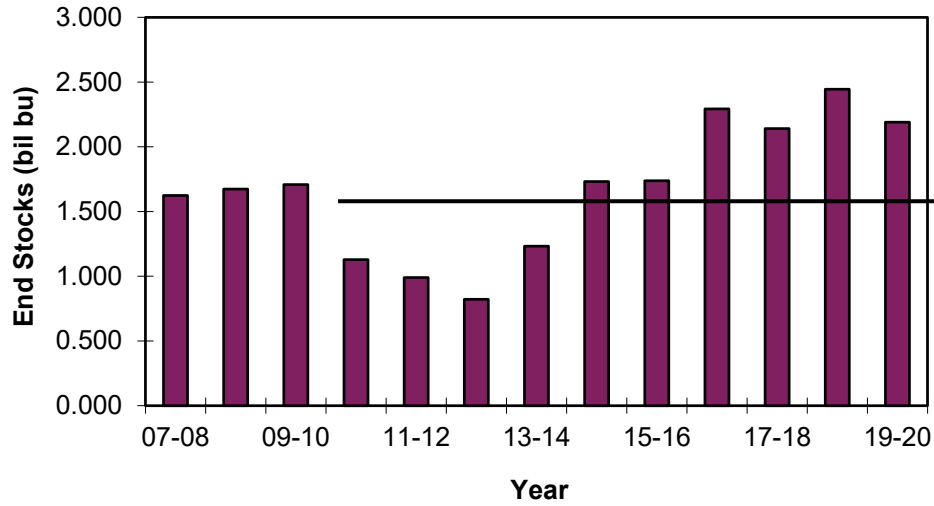
	2018/19 (USDA Sep 12)	2019/20 (USDA Sep 12)	2018/19 (FAPRI Aug 2019)	2019/20 (FAPRI Aug 2019)
Area planted (mil. acres)	89.1	90.0	89.1	90.0
Yield (bu./harvested acre)	176.4	168.2	176.4	169.5
Production (mil. bu.)	14,420	13,799	14,420	13,901
Feed and residual use (mil. bu.)	5,275	5,175	5,275	5,189
Ethanol and coproduct use	5,375	5,450	5,425	5,458
Other domestic use	1,430	1,430	1,430	1,436
Exports	2,060	2,050	2,100	2,050
Ending stocks	2,445	2,190	2,360	2,178
Marketing yr. avg. price (\$/bu.)	3.60	3.60	3.60	3.59

Source: USDA WASDE, September 2019.

# WASDE USDA Corn Summary Sept. 12, 2019

- 1) U.S. Average Farm Price – **Unchanged**
  - 2019-20 USDA: \$3.60
  - 2018-19 USDA: \$3.60
  - 2017-18 USDA: \$3.36
  - 2016-17 USDA: \$3.36
- 2) U.S. Ending Stocks- **Significantly above 10 and 20 year Average**
  - 2019-20 USDA: (2,190 Million Bushels)
  - 2018-19 USDA: (2,445 Million Bushels)
  - 2017-18 USDA: (2,140 Million Bushels)
  - 10 Year Average 09/10-18/19: (1,597 Million Bushels)
  - 20 Year Average 99/00-18/19: (1,595 Million Bushels)
- 3) World Ending Corn Stocks – **High level relative to 10 year average**
  - 2019-20 World: (308 Million Metric Tons)
  - 2018-19 World: (329 Million Metric Tons)
  - 2017-18 World: (339 Million Metric Tons)
  - 10 Year Average 09/10-18/19: (241 Million Metric Tons)
- 4) U.S. Export – **Moderate decline since 2017-18**
  - 2019- 20 USDA: (2,050 Million Bushels)
  - 2018- 19 USDA: (2,060 Million Bushels)
  - 2017- 18 USDA: (2,438 Million Bushels)

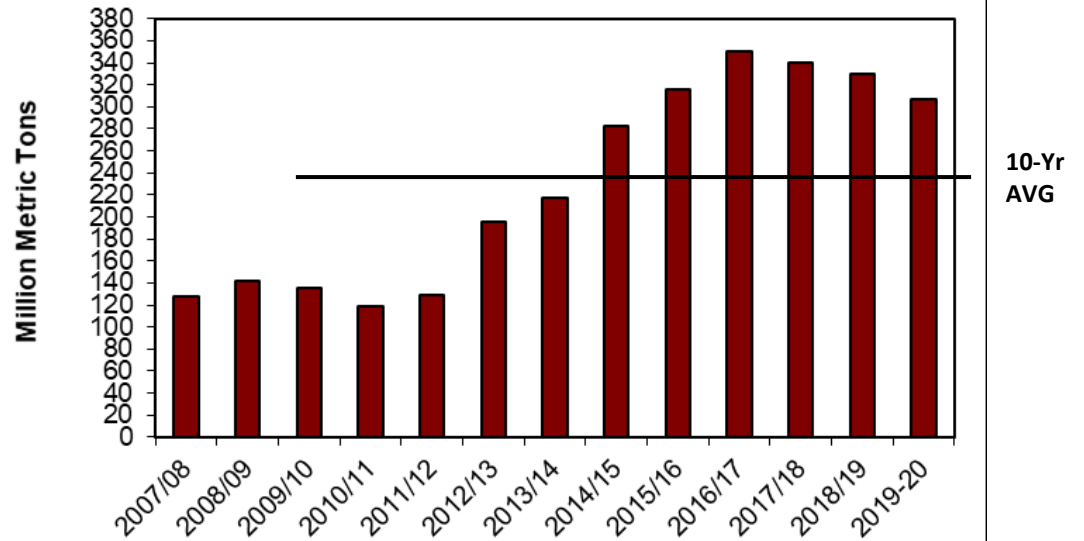
### Corn: U.S. End Stocks



10-Yr  
AVG

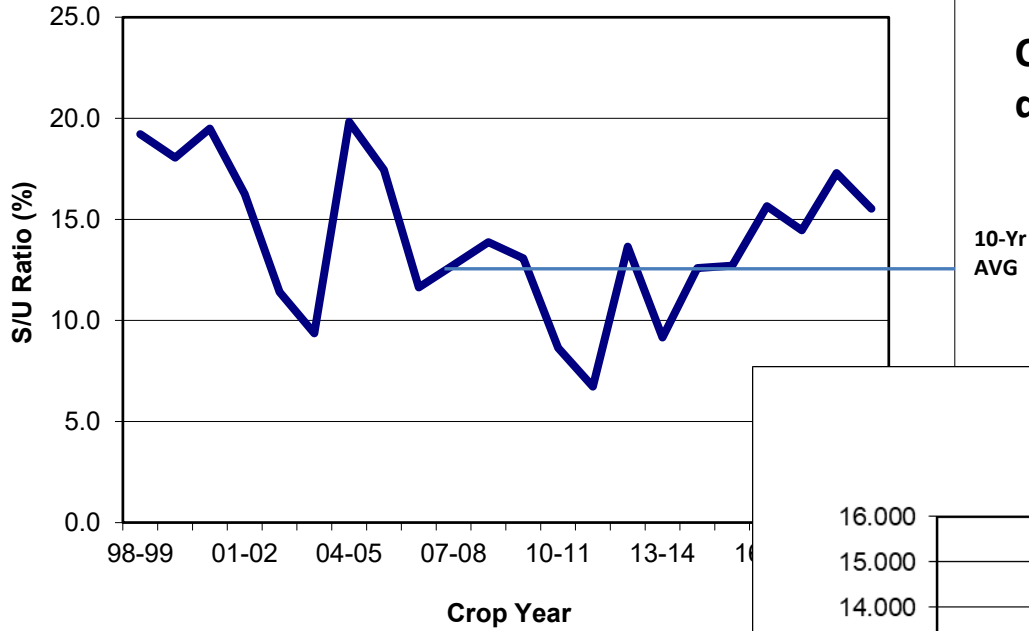
**Domestic and Global corn ending stocks declining.**

### Corn World End Stocks (MMT)



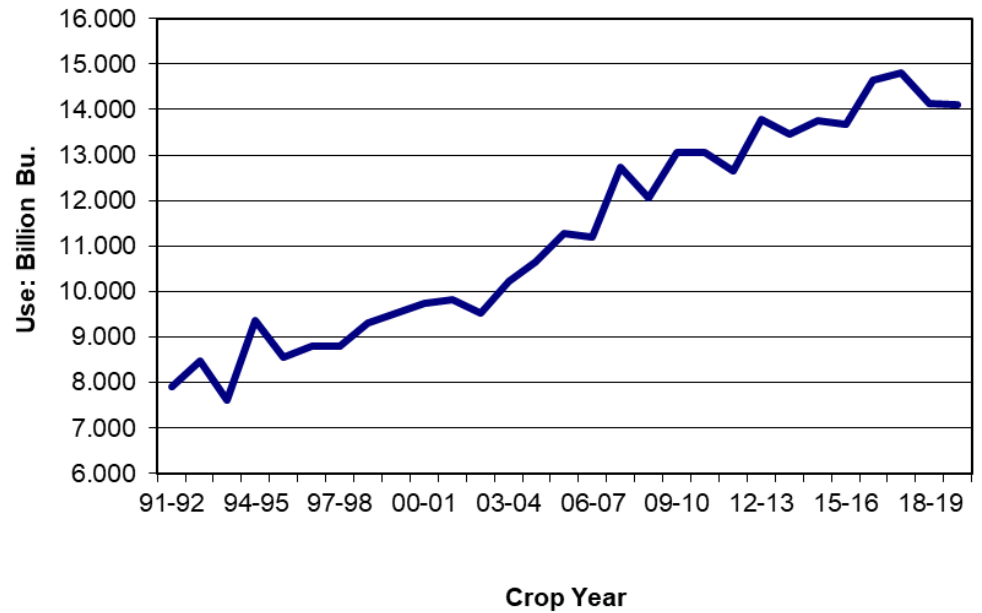
10-Yr  
AVG

**Corn: End Stocks/Use Ratio**

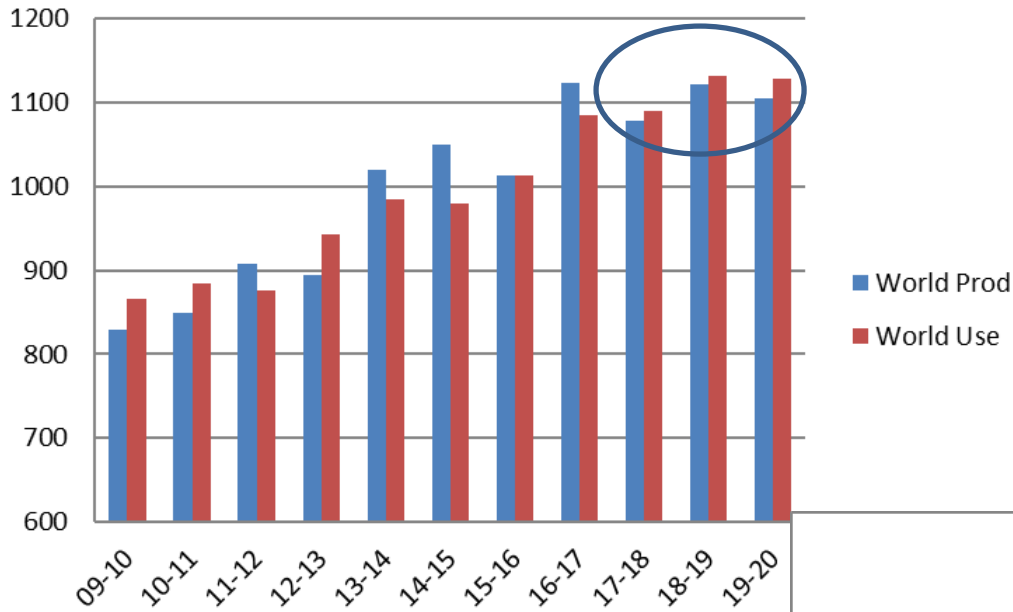


**Corn use steady, but ending stocks/use ratio declining slightly.**

**Use: Corn Total Use**

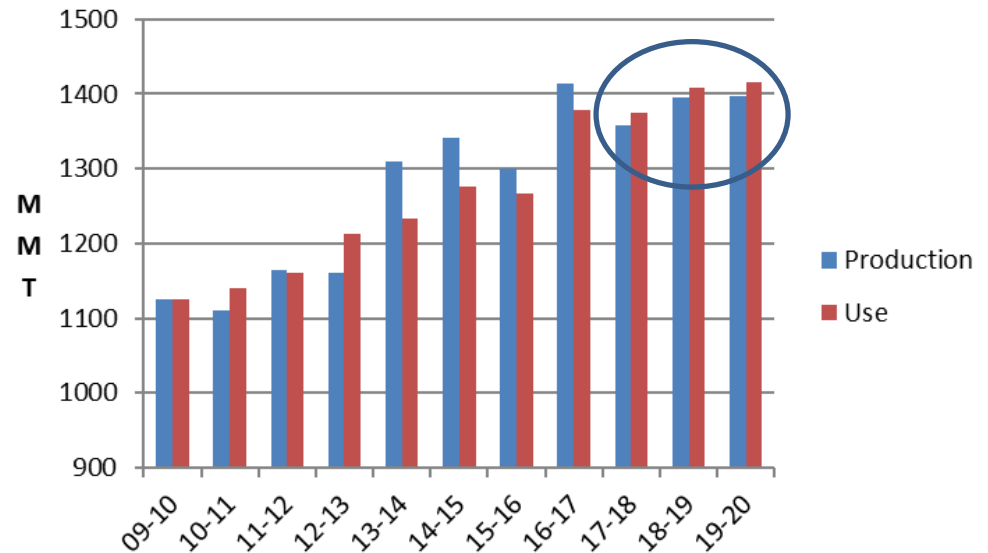


## Corn World Production & Use



**Global corn and coarse grain use expected to exceed World production for third straight year!**

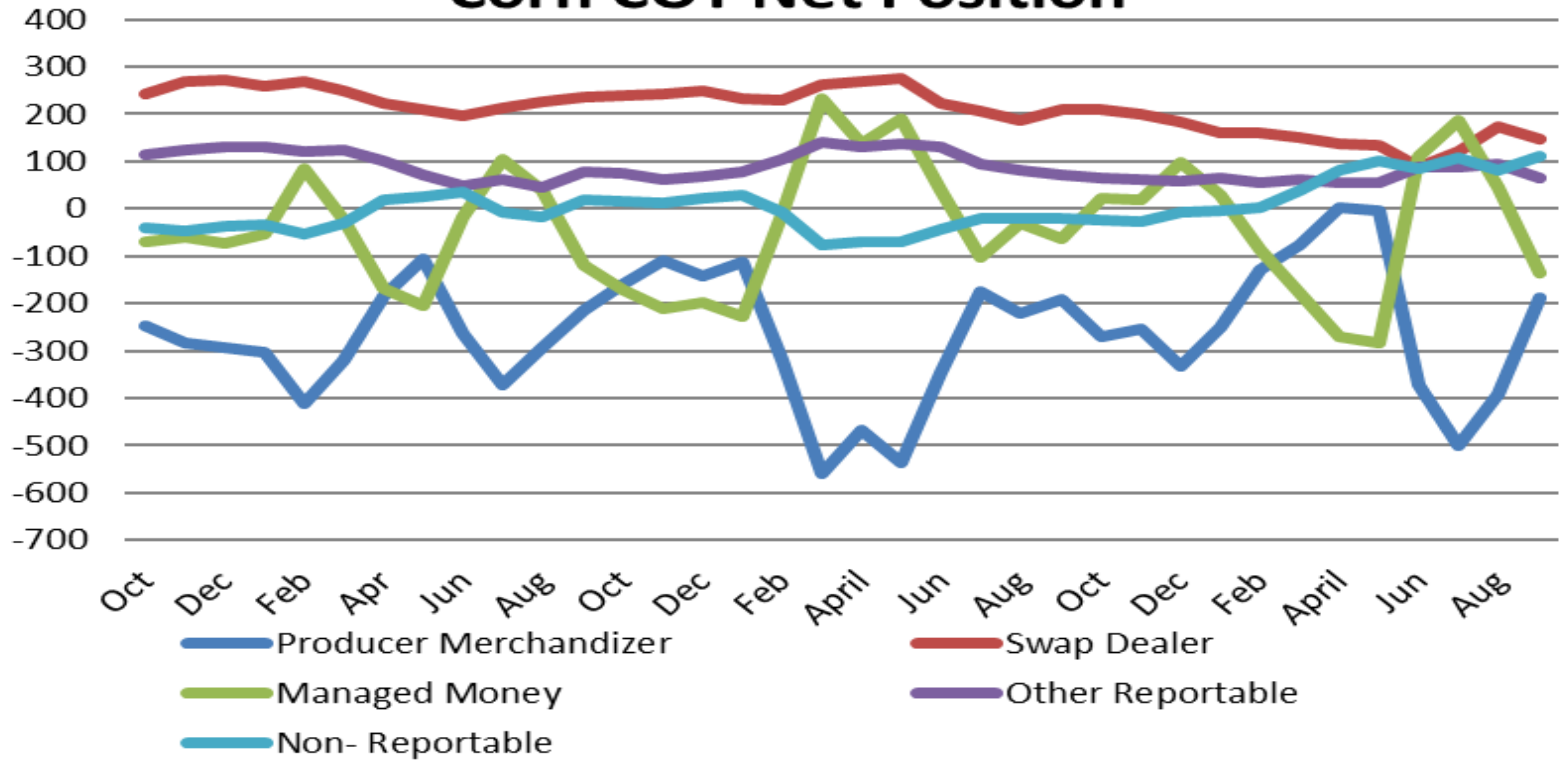
## World Coarse Grains: Production & Use



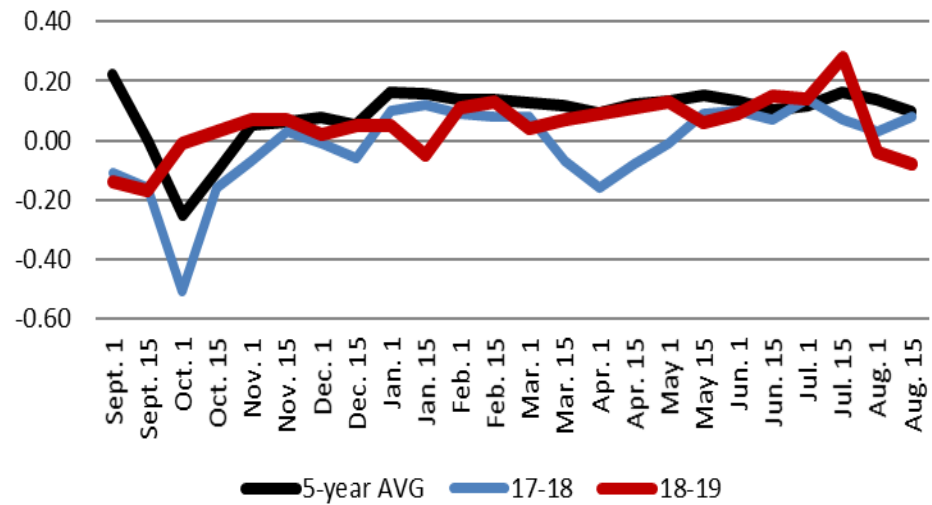
### Corn Futures Price



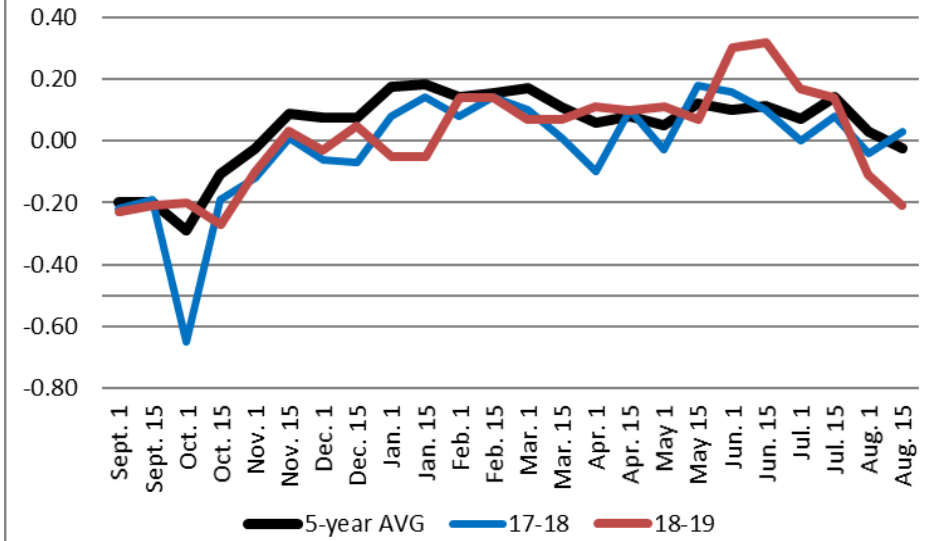
### Corn COT Net Position



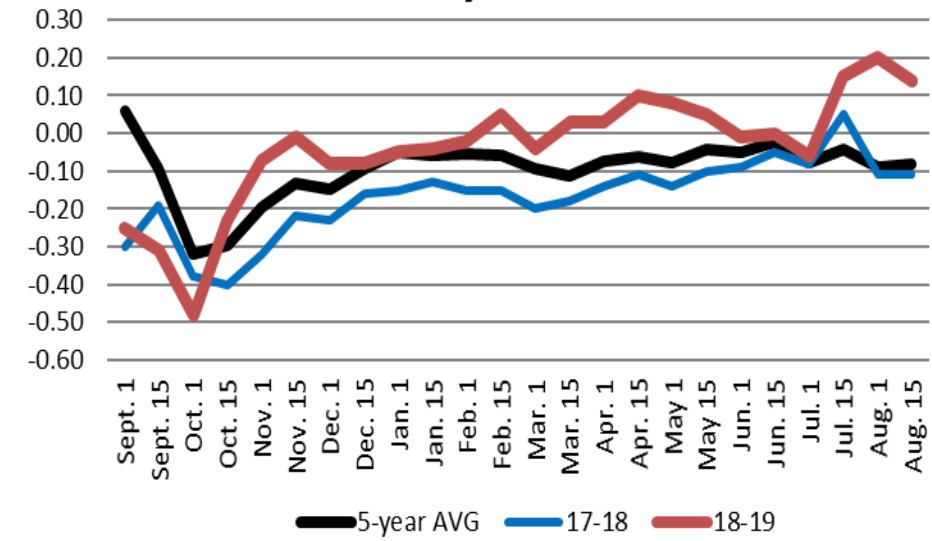
### St Louis Corn Basis



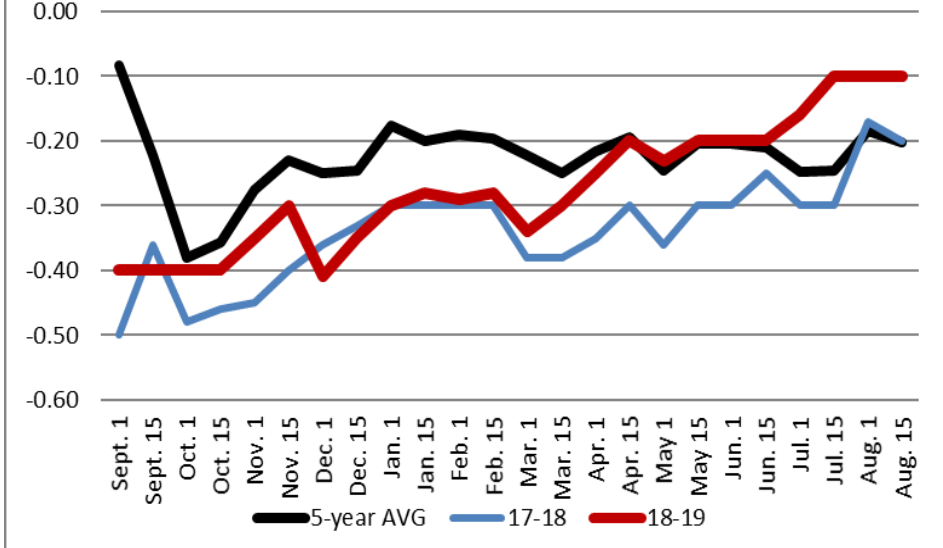
### SE MO Corn Basis



### Kansas City Corn Basis



### Central MO Corn Basis

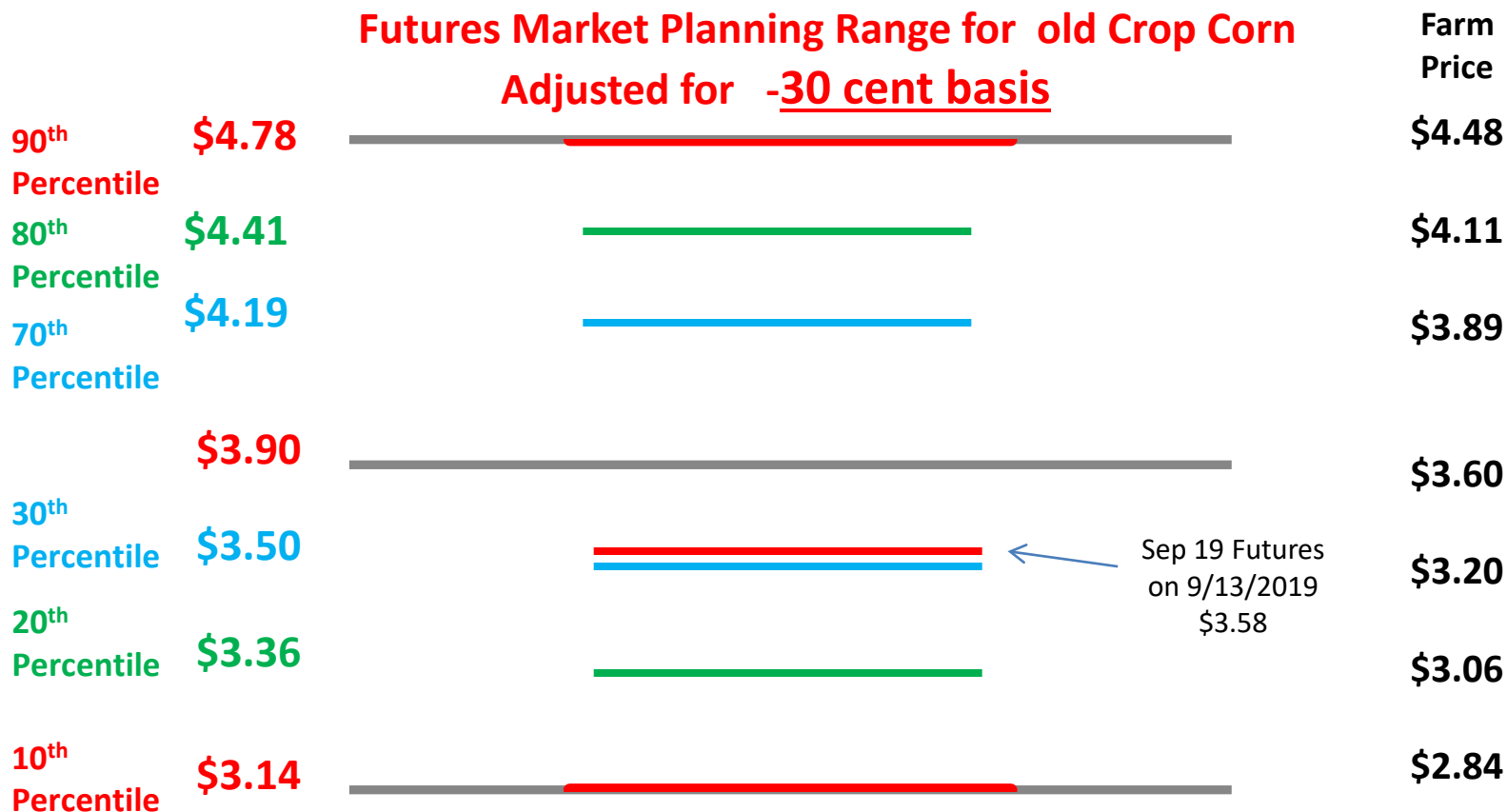




# Old Crop – (18-19) Corn FAPRI Baseline Ranges August 2019

August 2019 FAPRI Price: **Adjusted for \$0.30 basis**

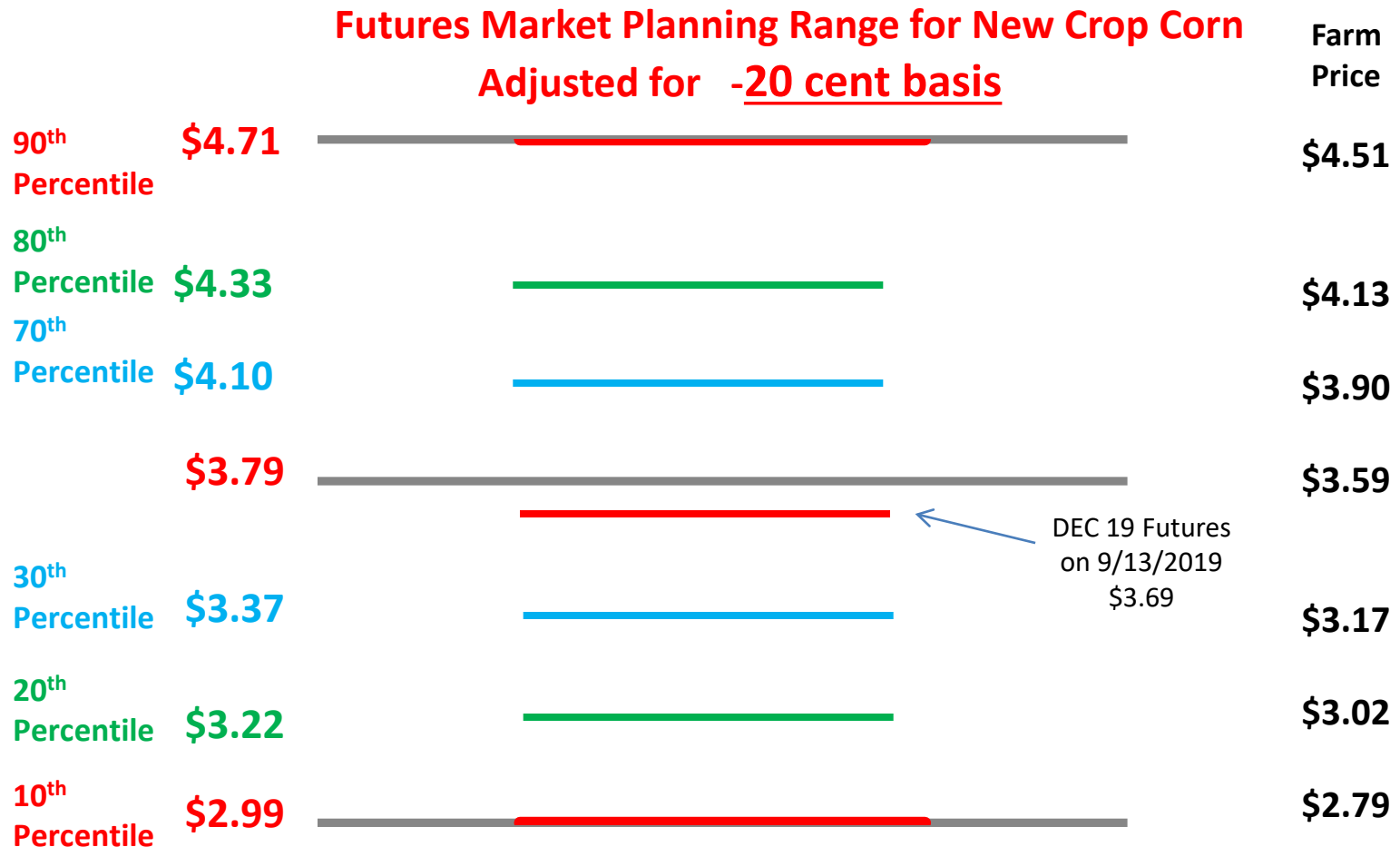
- Futures Price Equivalent of 2018- 2019 Projected Farm Price: **\$3.90**
- Futures Price Equivalent of FAPRI Range: **\$3.36 – \$4.41 @ 80 Percentile**
- Futures Price Equivalent of 9/12/19 USDA Avg Price: **\$3.90**



# New Crop – (19-20) Corn FAPRI Baseline Ranges August 2019

August 2019 FAPRI Projected Farm Price: **Adjusted for \$0.20 basis**

- Futures Price Equivalent of 2018- 2019 Projected Farm Price: **\$3.79**
- Futures Price Equivalent of FAPRI Range: **\$3.22 - \$4.33 @ 80 Percentile**



# U.S. soybean supply and use

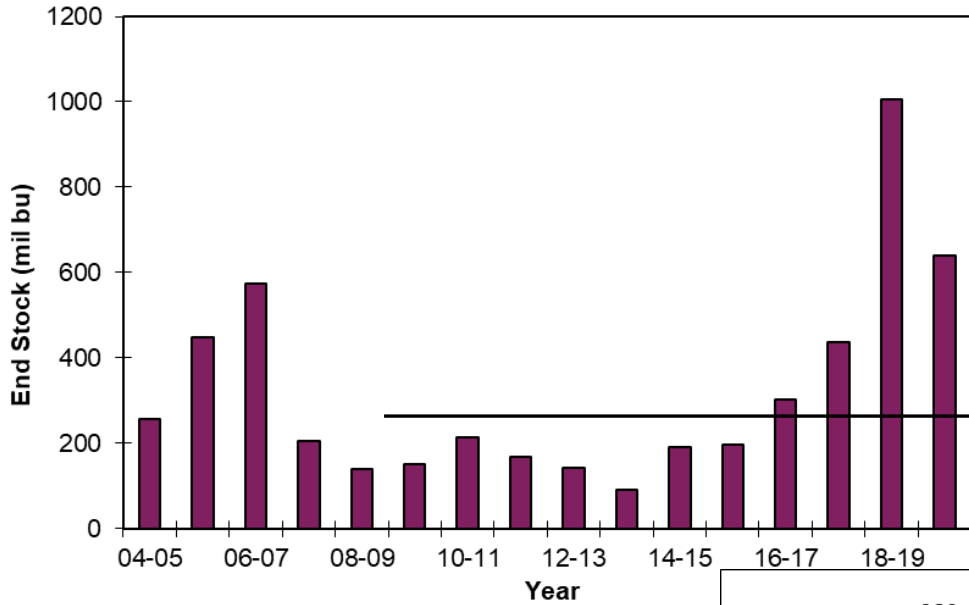
	2018/19 (USDA Sep 12)	2019/20 (USDA Sep 12)	2018/19 (FAPRI Aug 2019)	2019/20 (FAPRI Aug 2019)
Area planted (mil. acres)	89.2	76.7	89.2	76.7
Yield (bu./harvested acre)	51.6	47.9	51.6	48.5
Production (mil. bu.)	4,544	3,633	4,544	3,680
Crush (mil. bu.)	2,085	2,115	2,065	2,106
Other domestic use	164	128	164	129
Exports	1,745	1,775	1,700	1,778
Ending stocks	1,005	640	1,070	757
Marketing yr. avg. price (\$/bu.)	8.50	8.50	8.50	8.43

Sources: USDA WASDE, September 2019.

# WASDE-USDA Soybean Summary Sep 12, 2019

- 1) U.S. Average Farm Price- **Slight decline since 2017-18**
  - 2019-20 USDA: \$8.50
  - 2018-19 USDA: \$8.50
  - 2017-18 USDA: \$9.33
  
- 2) U.S. Ending Stocks- **Significantly above 20 Year Average**
  - 2019-20 USDA: (640 Million Bushels)
  - 2018- 19 USDA: (1,005 Million Bushels)
  - 2017- 18 USDA: (438 Million Bushels)
  - 10 Year Average 09/10-18/19: (297 Million Bushels)
  - 20 Year Average 99/00-18/19: (281 Million Bushels)
  
- 3) World Ending Soybean Stocks- **Significantly above 10 Year average**
  - 2019- 20 World: (102 Million Metric Tons)
  - 2018- 19 World: (112 Million Metric Tons)
  - 2017- 18 World: (99 Million Metric Ton)
  - 10 Year Average 09/10-18/19: (77 Million Metric Tons)
  - 20 Year Average 99/00-18/19: (60 Million Metric Tons)
  
- 4) U.S. Export – **Slight Increase over year earlier**
  - 2019- 20 USDA: (1,775 Million Bushels)
  - 2018- 19 USDA: (1,745 Million Bushels)
  - 2017- 18 USDA: (2,134 Million Bushels)

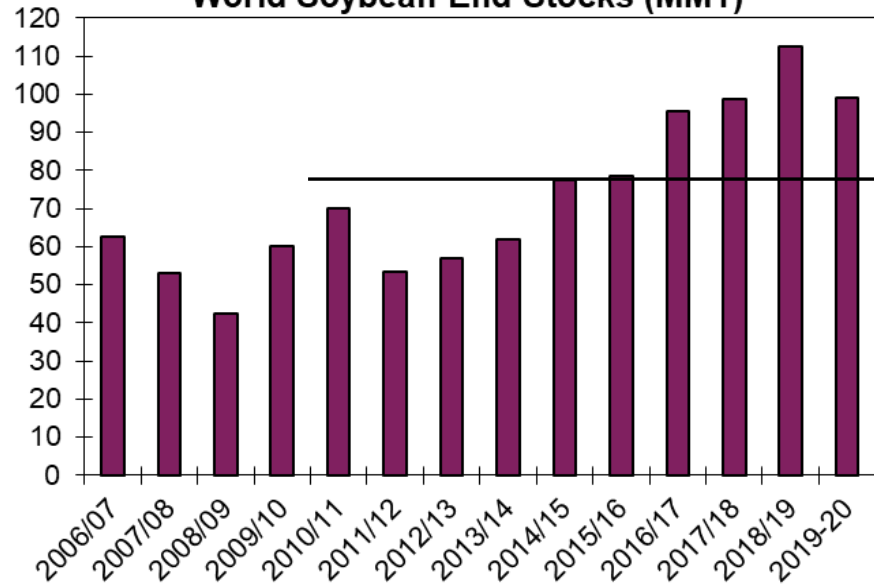
### Soybean: U.S. End Stocks



**Domestic ending stocks remain at very high levels!**

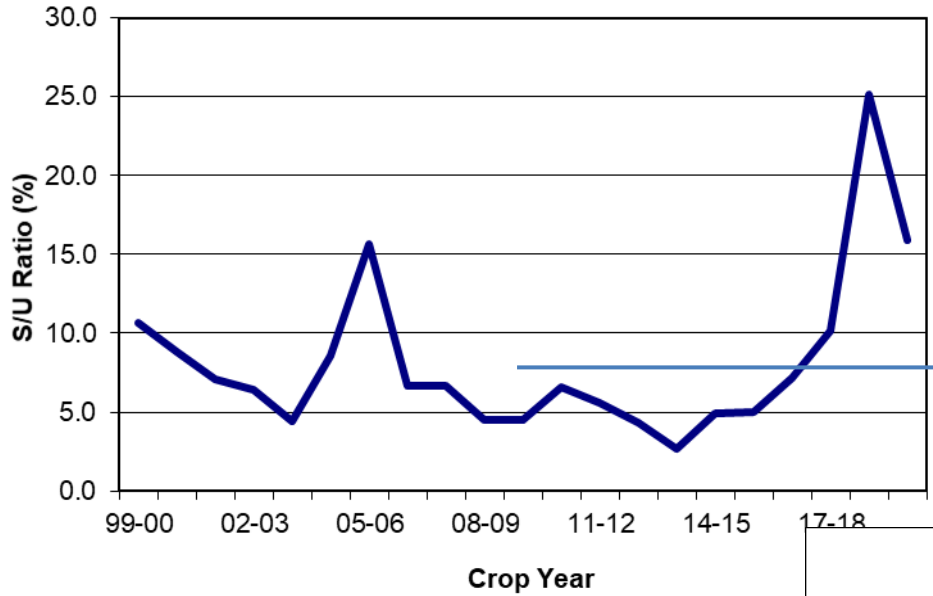
10-Yr  
AVG

### World Soybean End Stocks (MMT)



10-Yr  
AVG

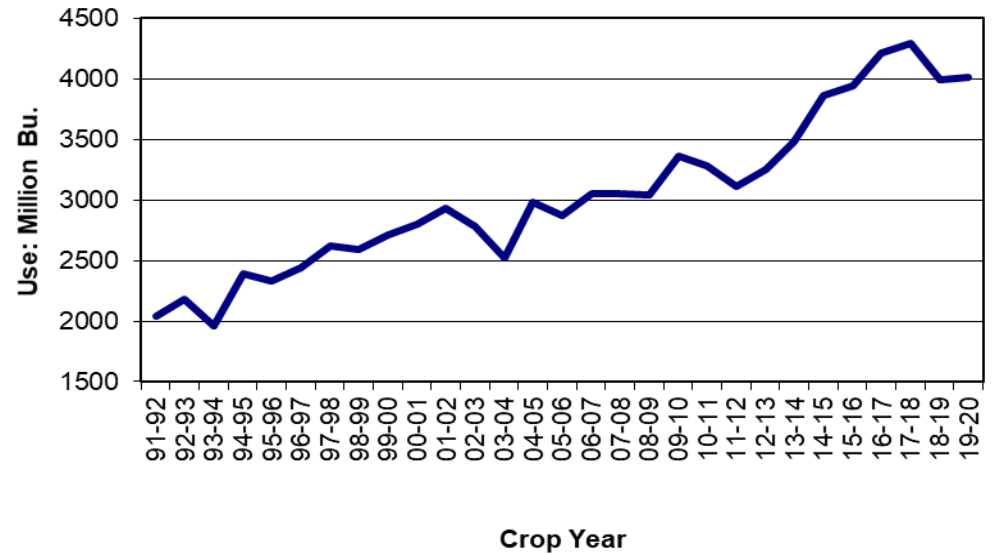
### Soybeans: End Stocks/Use Ratio

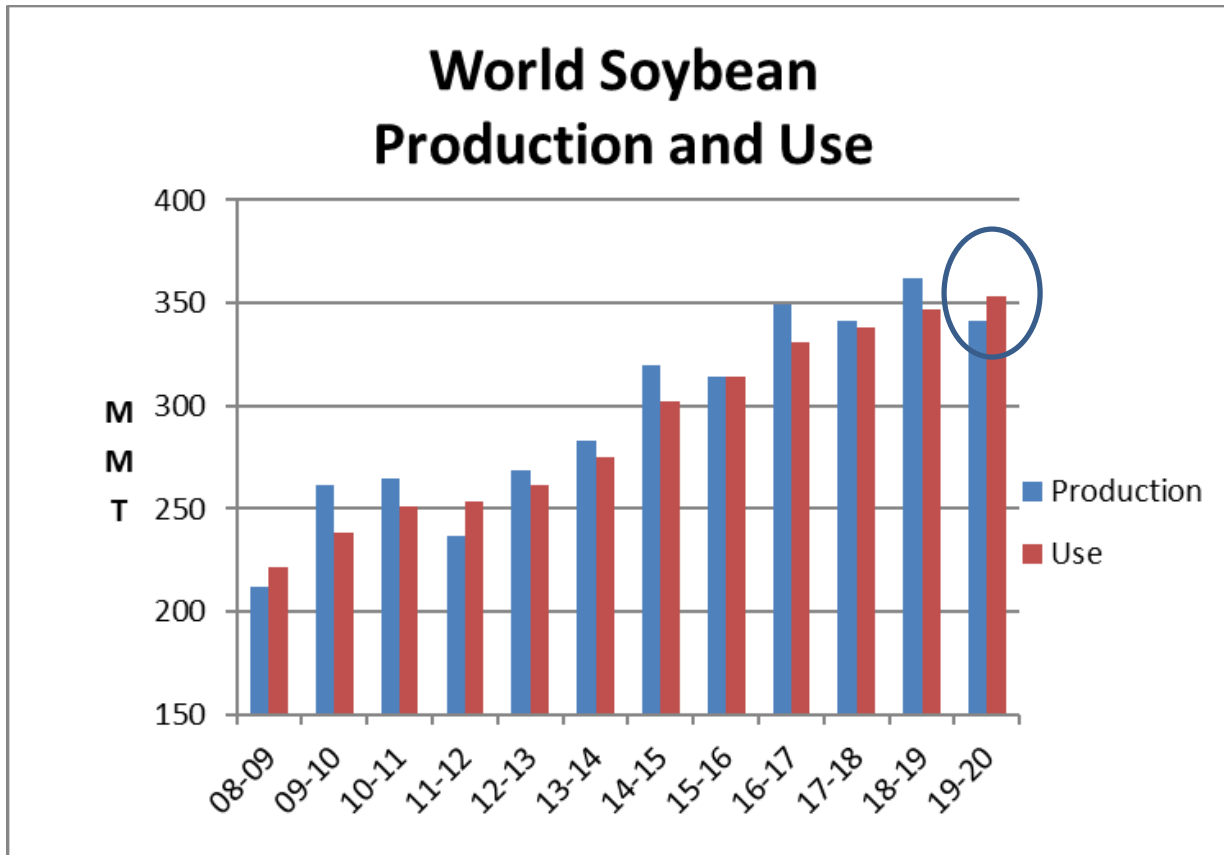


Total soybean use rebounding some, ending stocks/use ratio remains very large.

10-Yr  
AVG

### Soybean: Total Use



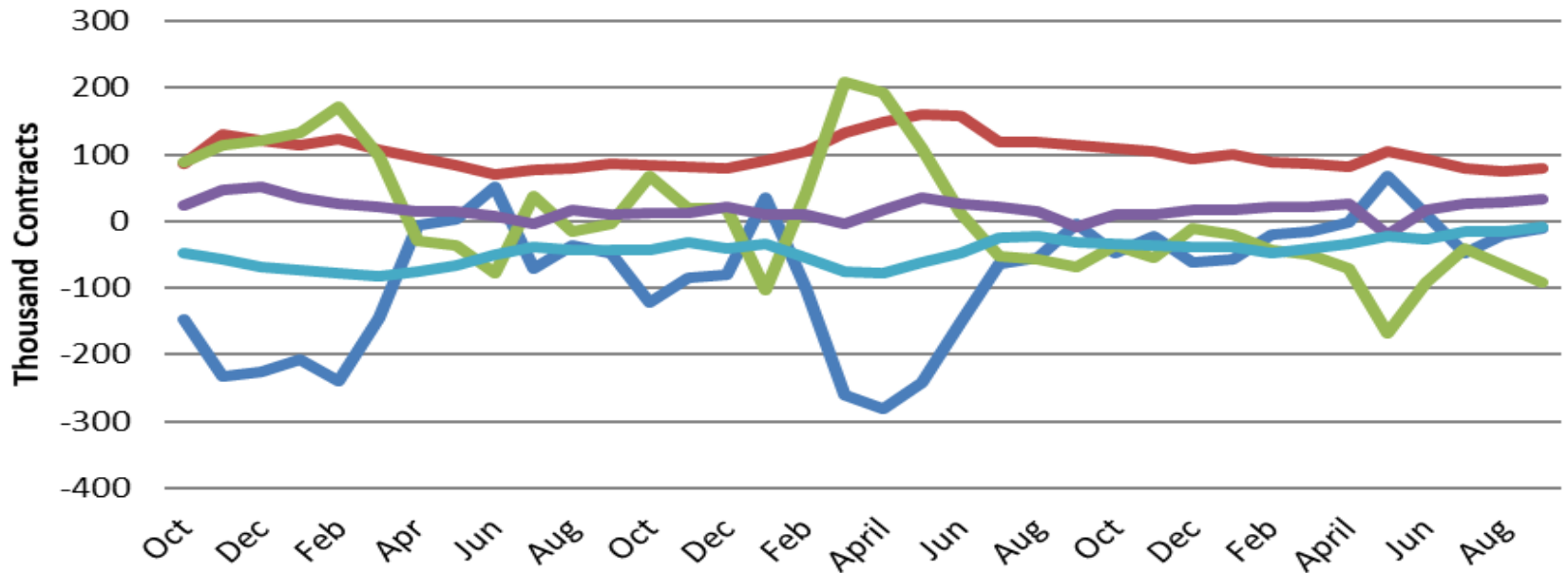


**Although stocks are large, global use may exceed 2019-20 production!**

### Soybean Futures Prices



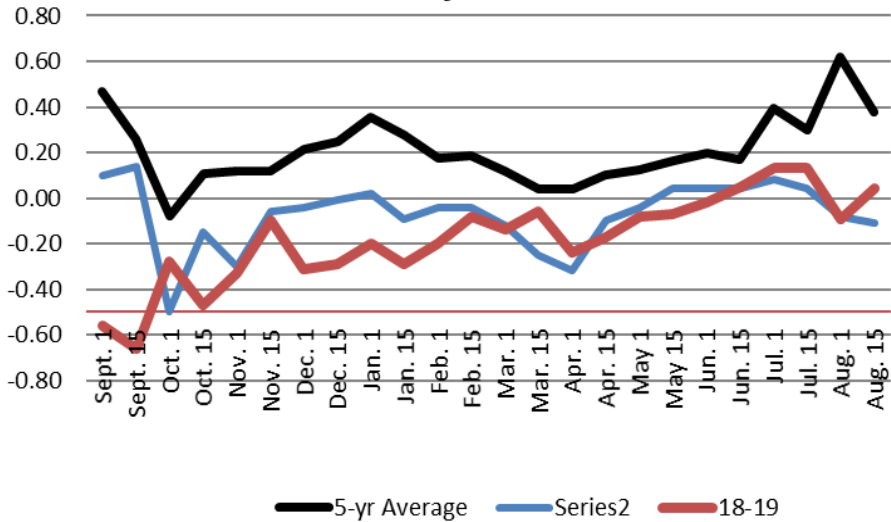
### Soybean: COT Net Positions



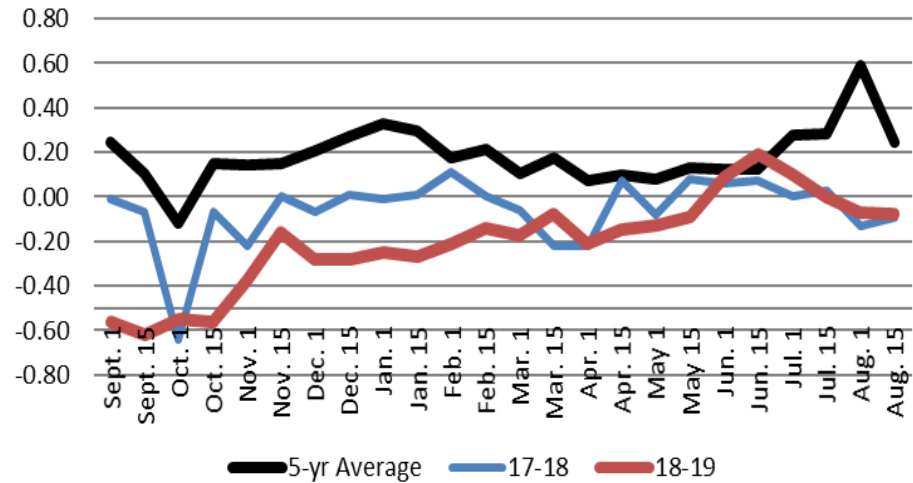
- Producer Merchandizer
- Swap Dealer
- Managed Money
- Other Reportable
- Non- Reportable



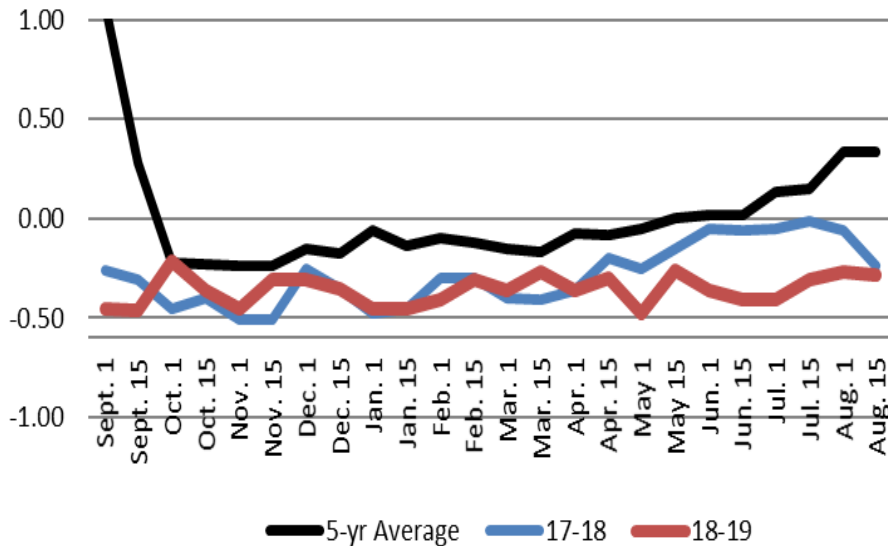
### St Louis Soybean Basis



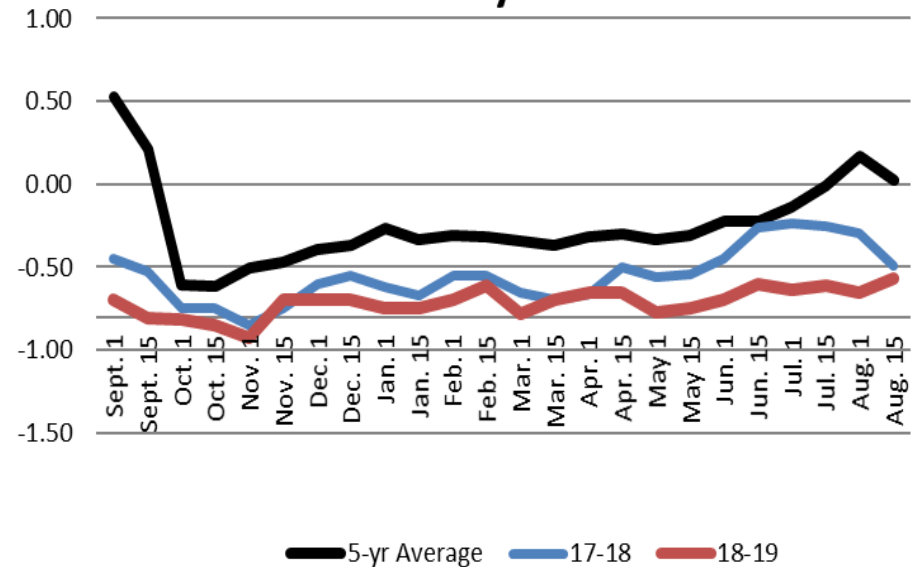
### SE MO Soybean Basis



### Kansas City Soybean Basis



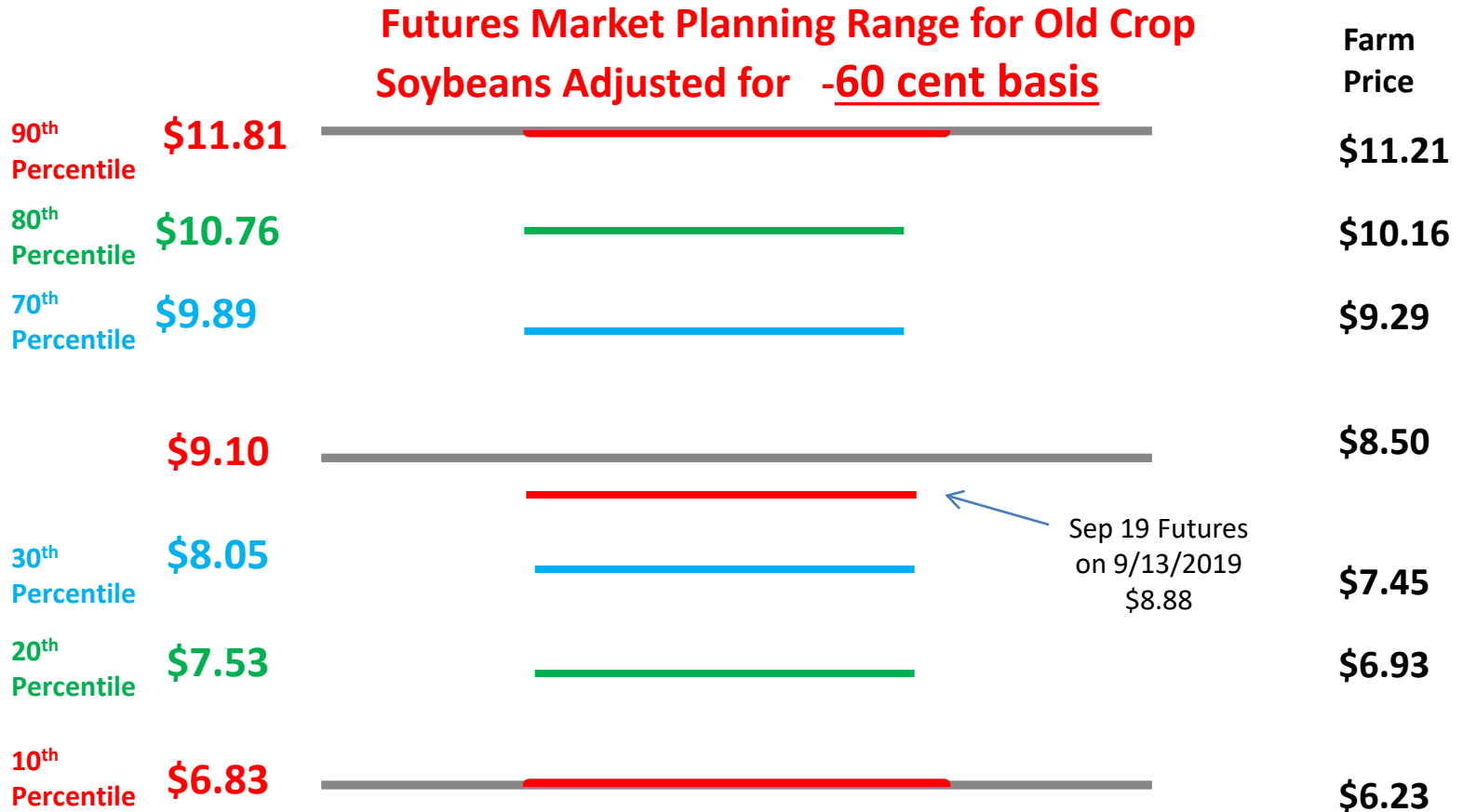
### Central MO Soybean Basis



# Old Crop – (18-19) Soybean FAPRI Baseline Ranges August 2019

August 2019 FAPRI Price: **Adjusted for \$0.60 basis**

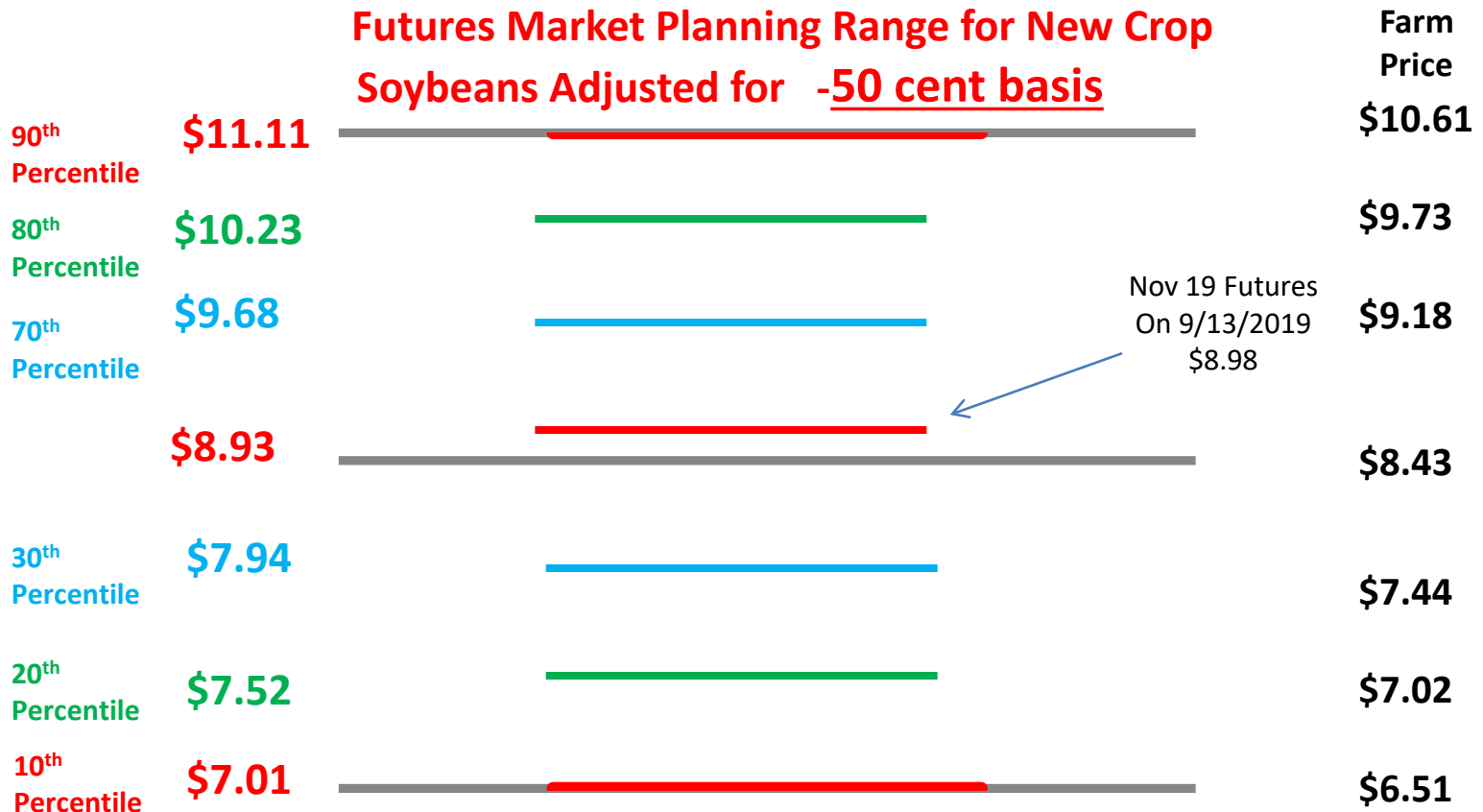
- Futures Price Equivalent of 2018- 2019 Projected Farm Price: **\$9.10**
- Futures Price Equivalent of FAPRI Range: **\$7.53 - \$10.76 @ 80 Percentile**
- Futures Price Equivalent of 7/18/19 USDA Price: **Avg \$9.10**



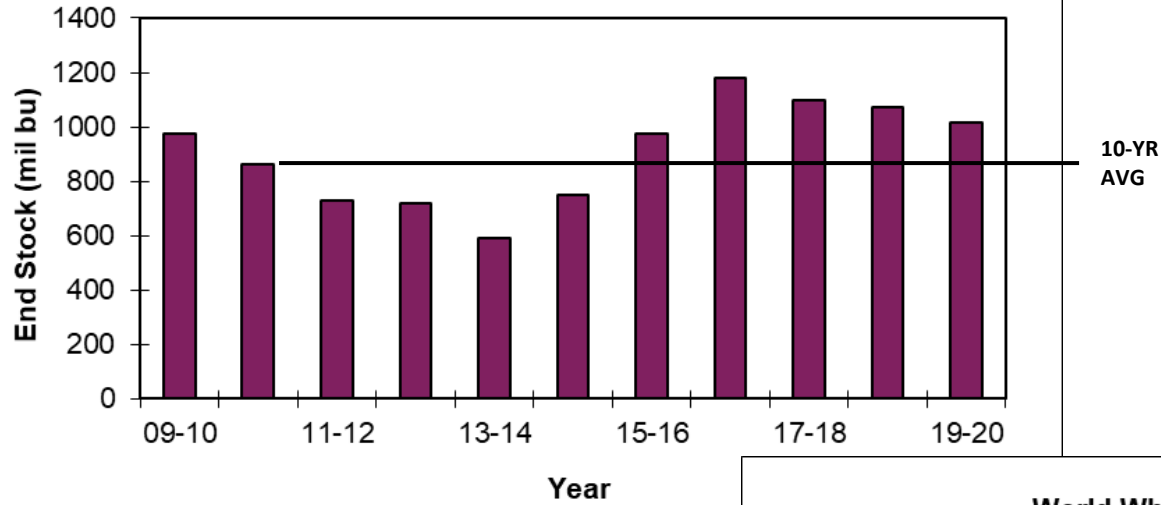
# New Crop – (19-20) Soybean FAPRI Baseline Ranges August 2019

August 2019 FAPRI Price: **Adjusted for \$0.50 basis**

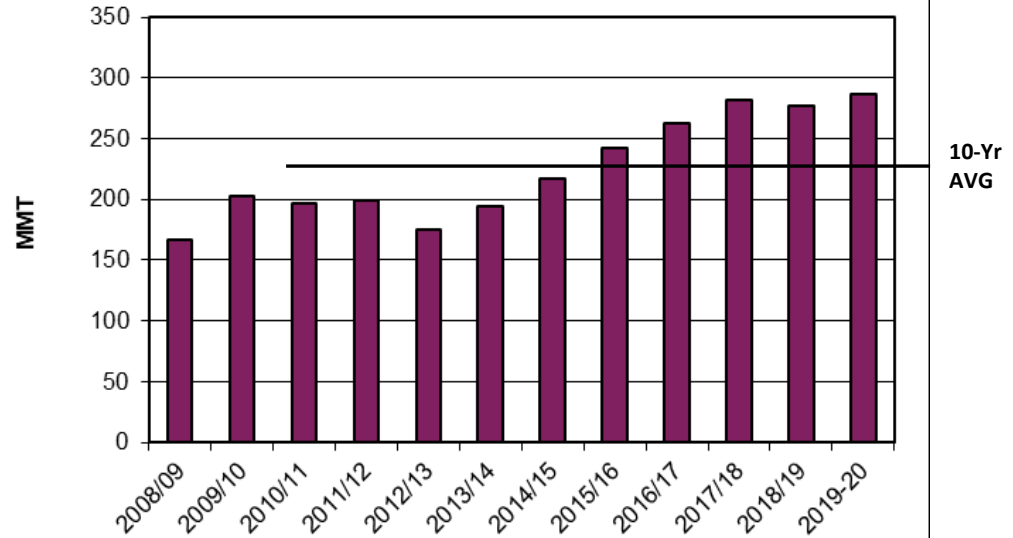
- Futures Price Equivalent of 2018- 2019 Projected Farm Price: **\$8.93**
- Futures Price Equivalent of FAPRI Range: **\$7.52 - \$10.23 @ 80 Percentile**



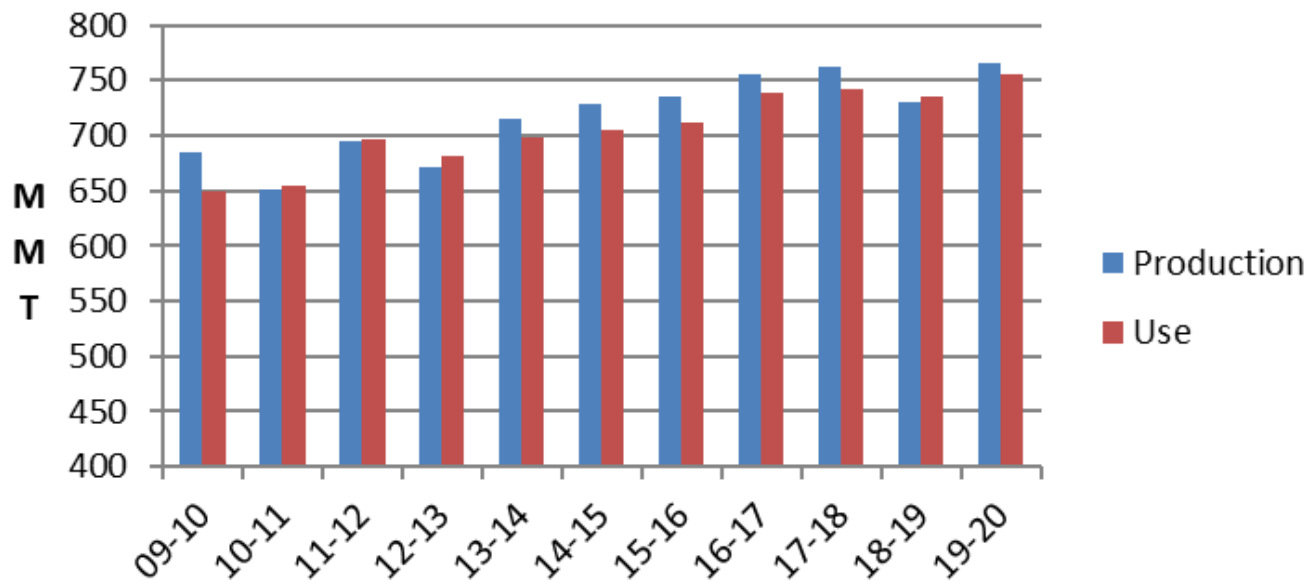
### Wheat: U.S. End Stocks



### World Wheat End Stocks



## World Wheat Production and Use



**Global wheat production expected to exceed world use.**